

Governor's Office of Management and Budget Written Testimony  
Budgeting for Results Commission  
Public Hearing  
Springfield, Illinois  
October 11, 2011

Good Morning, I'm Curt Clemons-Mosby representing the Governor's Office of Management and Budget. We are here to show our support for Budgeting for Results; an important process that is allowing us to work with agencies to make spending decisions based on performance data. We have been participating in this process from the beginning. Implementation is going to take several years but we have already taken positive steps to lead us to full implementation. We are submitting written testimony. Our main purpose here today is to listen to the provider groups and to gather their feedback and insight on Budgeting for Results.

Vision

Budgeting for Results is reforming how the state prioritizes and spends taxpayer dollars. This process asks four basic questions:

- How much revenue will we have?
- What outcomes matter most to our citizens?
- How much should we spend to achieve each outcome?
- How can we BEST deliver each outcome that citizens expect?

Programs are now being based on performance and results, rather than politics and special interests, giving residents better outcomes for their tax dollar.

The FY12 budget incorporated prioritized outcomes into the budget process. Each agency was assigned to an outcome or result. For FY13, we are incorporating sub goals associated with each prioritized result and agencies' budgets will be allocated across these multiple results. We are asking agencies to think about what it is their agency does, whether such services should continue to be funded, and, if so, at what level they should be funded.

Agencies must determine how much the state should pay for these services while thinking in terms of all funds, not just General Revenue funds. Agencies must also decide how results will be measured and when results will be achieved. When agencies submit their budget they will match each program with a sub goal. Agencies will submit a bid for services and the Governor's Office of Management and Budget will consider each bid.

Attached: A letter from the Governor's Office of Management and Budget to agency directors, containing instructions for FY 13 budget submissions.



**STATE OF ILLINOIS  
EXECUTIVE OFFICE OF THE GOVERNOR  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
SPRINGFIELD 62706**

**Pat Quinn  
GOVERNOR**

October 3, 2011

Dear Agency Director:

Governor Quinn's introduced budget for Fiscal Year 2012 (FY12) incorporated prioritized outcomes, a component of Budgeting for Results. Each agency was assigned to an outcome (now referred to as a "result"), and much of the budget was presented with this new way of thinking about state budgeting. Implementation of Budgeting for Results will occur over several years, but this was a positive first step.

For FY13, we will advance implementation of Budgeting for Results and incorporate sub-goals associated with each prioritized result. We ask that your programs be aligned with the sub-goals, which will roll up into the results. This categorization through the budget book system will now allow agencies' budgets to be allocated across multiple results, consistent with many of the budget submissions we received last year.

**Prioritized Budget Results and Sub-Goals**

Below is the list of results, unchanged since last year.

1. Quality education and opportunities for growth and learning for all Illinois students
2. Enhanced economic well-being of citizens
3. Protection of citizens' lives and property
4. Protection of the most vulnerable of our citizens
5. Improved quality of life of citizens
6. Improved efficiency and stability of state government

A list of sub-goals is enclosed.

**Agency Directives for Operating Budgets**

Much like last year, we ask that you think about what it is your agency does, whether such services should continue to be funded, and, if so, at what level they should be funded. Rather than basing the budget on whatever happened last year, consider how your agency can best achieve one or more of the

above results. Then your agency must determine how much the state should pay for those services. Do not think just in terms of the General Revenue Fund (GRF); results-based budgeting involves all funds, including Other State Funds (OSF) and federal funds. Additionally, your agency must describe how results will be measured and when results will be achieved.

When your budget is submitted through the Governor's Office of Management & Budget (GOMB) budget book system, you will match each program with a sub-goal. (All agencies must have at least one program.)

### **Request for Information for Operating Budgets**

The State of Illinois is requesting bids for services that will meet the desired results and sub-goals. Your agency will submit a bid, and GOMB will consider each bid, accepting some parts of your proposal and likely rejecting others.

Please address the following questions as you respond to our request for information:

- Which budget results and sub-goals will your agency meet? (If, after careful consideration of the existing sub-goals, you have a program that does not fit the parameters, you may suggest an additional sub-goal.)
- How will you achieve the desired results?
- How much will your agency's services cost—GRF, OSF and federal funds?
- How will you measure your results? And what achievement targets can you commit to?

Assume you can adjust mandates in order to achieve the desired results, and tell us which mandates need to be changed. Also assume that your proposed services may not qualify for all the federal funds you have received in the past. We understand that reducing state expenditures may require reductions in federal matching dollars.

Please try to limit your summary response to three pages, but provide attachments and additional information as necessary. We will answer questions about this process at a CFO meeting within the next few days. A more detailed budget proposal will be requested after we meet with your agency to discuss your initial bid. Agency budget meetings will begin in late November.

Your response to this request for information is due to GOMB by November 1 for small and medium agencies, and November 15 for large agencies. (Agency classification sheet is attached.) Please send your response to your assigned GOMB analyst and senior staffer, and copy Director David Vaught and Emily Monk.

### **Capital Budget Considerations**

The FY13 capital budget will be largely based around the capital needs of state facilities. The focus will be on basic governmental functions, maintenance and improvement of existing assets and health/life/safety projects. The goal will be to improve state assets and those of our state partners in pursuit of efficiencies to create operations savings. Staff from the capital unit will work closely with you on the specifics for your agency.

Please reevaluate your capital requests and formulate them into a longer-term plan beyond the Illinois Jobs Now! program, adding new capital needs as necessary. The focus should be on agencies' greatest operational pressures.

For any non-bonded capital requests, future revenues must be able to support spending on ongoing projects, FY13 requests, and expected future years' capital programs. These funds are also an important source of revenue for the General Fund and other funds supporting key priorities of health care, public safety and education. Therefore we will expect that you have carefully evaluated non-bonded capital requests analyzing future spending demands and revenue projections. This effort will help assure that FY13 new requests, reappropriations, and anticipated future years' capital programs are affordable within expected fund balances.

#### Capital Budget Instructions

1. Budget Submissions: GOMB's On-line budget book system will again be used for agencies to submit capital requests. The submission period for entry of appropriations will begin on October 3, 2011, and final submissions are due November 15, 2011. Please fill in ALL fields, including chart of accounts (asset, loan, grant), legislative district, county, etc. Please make sure that you identify your submissions as capital ones using the radio-button in the submission system. Do not, however, change any of the information contained in the fields for appropriations already existing (including appropriation codes).
2. Content: Please enter the following information:
  - *FY13 Agency Req Column*
    - New Appropriations—All new FY13 capital appropriation requests (for both bond funds and non-bond funds). Please enter requests for FY13 capital from bond funds as usual. GOMB will work with agencies to appropriately assign any projects that will be funded from lump sums and to correctly identify bond authorization subcategories.
    - Reappropriations—FY13 capital reappropriation amounts for Budget Book purposes are calculated by taking FY12 appropriated amount less (-) FY12 Est. Expend.
  - *FY12 Est Expend Column*: Please enter the FY12 estimated spending for capital appropriations (both bond and non-bond).
3. If a capital appropriation is needed to capture a federal match, please insert that information, along with the associated time frame, into the comment field. Federal match alone does not guarantee funding but it is an important factor to be considered.
4. Please make note in the comment field when non-bonded appropriations include transfers from bond funds as a source of revenue.
5. Fund Track System: Please work with your GOMB capital budget analyst to update the system for non-bond funds only. Updates are due by December 15, 2011.

Sincerely,



David Vaught  
Director

**Budgeting for Results – Prioritized Budget Results**  
**Development of Sub-Goals**  
**Attachment to GOMB Agency Director Letter**

1. Quality Education and Opportunities for Growth and Learning for all Illinois Students
  - a. Increase percentage of children entering kindergarten “fully ready”
  - b. Implement Common Core Standards (including Language Arts and Math) for K-8 Students
  - c. Develop Measures for Student Growth
  - d. Assure all districts have the tools to assess students against Common Core Standards
  - e. Reduce drop-out rate; increase college enrollment of 12<sup>th</sup> graders
  - f. Increase number of Illinoisans with post-secondary certificates and bachelor degrees; Increase number of STEM graduates; Increase retention rates of those who attend colleges; Increase percentage of Illinois graduates remaining in Illinois
2. Enhanced Economic Well-Being of Citizens
  - a. Increase number of companies
  - b. Increase jobs in Illinois
  - c. Have nation’s best workforce per capita
  - d. Build 21<sup>st</sup> Century Infrastructure
  - e. Increase median income
  - f. Increase exports
  - g. Become one of the top five states in workforce productivity
  - h. Enhance business climate
3. Protection of Citizens’ Lives and Property
  - a. Reduce crime rate
  - b. Reduce recidivism rate
  - c. Rebalance from prison-based to community-based care when appropriate
  - d. Enhance emergency planning statewide
4. Protection of the Most Vulnerable of our Citizens
  - a. Rebalance from state-run facilities to community-based care when appropriate
  - b. Improve self sufficiency
  - c. Improve outcomes for at-risk youth
  - d. Improve access to and cost effectiveness of adequate health care
5. Improved Quality of Life of Citizens
  - a. Improve quality of drinking water and air
  - b. Increase conservation and citizen utilization of open space
  - c. Stimulate cultural and historical opportunities
6. Improved Efficiency and Stability of State Government
  - a. Improve access to information sharing through technology
  - b. Increase cost savings through more efficient purchasing
  - c. Increase personnel efficiencies through management of human resources
  - d. Increase collection of fair share of available revenue owed to State

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**Agency Name**

**SMALL AGENCIES**

131	General Assembly Retirement System
310	Governor
330	Lt. Governor
442	Human Rights, Department of
507	Governor's Office of Management and Budget
509	Inspector General
510	Ethics Commission
517	Civil Service Commission
524	Commerce Commission
525	Drycleaner Environmental Response Trust Fund Council
526	Deaf and Hard of Hearing Commission
527	Comprehensive Health Insurance Plan Bd.
528	Court of Claims
529	E. St. Louis Financial Advisory
537	Guardianship & Advocacy Commission
542	Human Rights Commission
546	Criminal Justice Information Authority
548	Educational Labor Relations Board
550	IL Finance Authority
452	Labor
458	Department of Lottery
554	Sports Facility Authority
558	Illinois Council on Developmental Disabilities
559	Illinois Violence Prevention Authority
562	Procurement Policy Board
563	Illinois Worker's Compensation Commission
565	Illinois Gaming Board
569	Law Enforcement Training Standards Board
571	Medical District Commission
574	Metropolitan Pier and Exposition Authority
578	Prisoner Review Board
579	Illinois Racing Board
580	Property Tax Appeal Board
585	Southwestern IL Development Authority
587	State Board of Elections
589	State Employees Retirement System
590	Illinois Labor Relations Board
591	State Police Merit Board
592	State Fire Marshal

593	Teachers' Retirement System
598	Upper Illinois River Valley Dev. Authority
693	Universities Retirement System

#### **MEDIUM AGENCIES**

406	Agriculture
425	Juvenile Justice
427	Employment Security
440	Department of Financial and Professional Regulation
446	Department of Insurance
466	Military Affairs
497	Veterans' Affairs
503	Arts Council
511	Capital Development Board
532	Environmental Protection Agency Pollution Control Board
541	Historic Preservation Agency
557	Toll Highway Authority
588	Illinois Emergency Management Agency

#### **LARGE AGENCIES**

402	Aging
416	Central Management Services
418	Children and Family Services
420	Commerce and Economic Opportunity
422	Natural Resources
426	Corrections (DOC)
444	Department of Human Services
478	Department of Healthcare and Family Services
482	Public Health
492	Revenue
493	State Police
494	Department of Transportation
586	State Board of Education
601	Board of Higher Education
608	Chicago State University
612	Eastern Illinois University
616	Governors State University
620	Northeastern Illinois University
628	Western Illinois University
636	Illinois State University
644	Northern Illinois University
664	Southern Illinois University
676	University of Illinois
684	Community College Board

691	IL Student Assistance Commission
692	IL Mathematics and Science Academy
695	Universities Civil Service Merit Board